

## Message Text

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10

ACTION AGR-08

INFO OCT-01 EA-06 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 CIEP-01 STR-04 FRB-03

LAB-04 IGA-01 AID-05 /085 W  
----- 098149

R 120759Z MAY 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 5142

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY SEOUL

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E.O. 11652: N/A

TAGS: ETRD, TW

SUBJ: COTTON CONTRACT PROBLEM

REF: TAIPEI 2573

STATE PASS USDA FOR DUDLEY WILLIAMS

1. DURING WEEK-LONG DISCUSSIONS WITH BOARD OF FOREIGN TRADE (BOFT), WHICH CULMINATED IN MEMORANDUM OF UNDERSTANDING INITIATED BY LU AND STEPHENS ON MAY 10, STRONG EFFORTS WERE MADE BY USG REPS TO PERSUADE BOFT TO HAVE CARRYING CHARGES INCLUDED IN L/C'S IF THEY WERE NOT SPECIFIED IN THE CONTRACT. STEPHENS AND WILLIAMS ACCOMPANIED ENCON COUNS ON CALL ON Y.T. WANG (WANT I-TING) MAY 9 IN FINAL EFFORT. WANG FLATLY REFUSED AND IN INTERESTS OF OBTAINING SETTLEMENT OF COTTON CONTRACT PROBLEM WITHOUT FURTHER DELAYS, ISSUE WAS DROPPED AND LANGUAGE CONTAINED IN PARA 6B(2) OF MEMORANDUM WAS AGREED TO BY BOTH PARTIES.

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2. POSITION OF USG REPS THAT INSISTENCE ON INCLUDING CARRYING CHARGES COULD JEOPARDIZE FINAL SETTLEMENT WAS ACCEPTED BY ACSA REPS ALTHOUGH, UNDERSTANDABLY", TTHEY ARE NO SANGUINE ABOUT THE PROSPECT OF OBTAINING AGREEMENT FROM PURCHASERS TO INCLUDE CHARGES IN L/C'S, EVEN WITH CARROT OF CCC FINANCING.

3. IN LIKELY EVENT SHIPPEJS HAVE TO ABSORB CARRYING CHARGES SOME OF THEM MIGHT BE TEMPTED TO CUT LOSSES BY SHIPPING COTTON INFERIOR IN QUALITY TO THAT SPECIFIED IN CONTRACT. THE EMBASSY URGES THAT ACSA BE URGED IN THE STRONGEST POSSIBLE TERMS TO INFORM ITS MEMBERS TO NOT SHIP SHY ON QUALITY. IF THIS OCCURS, THE EMBASSY WILL BE SWAMPED WITH COMPLAINTS FROM TAIWAN MILLS AND REQUESTS FOR ASSISTANCE IN RESOLVING PROBLEM WILL BE PERSISTENT AND DEMANDING. SHY SHIPMENTS, PARTICULARLY AMONG EARLY DELIVERIES, WOULD ALSO JEOPARDIZE LATER SHIPMENTS UNDER THE AGREED SOLUTION TO THE COTTON CONTRACT PROBLEM. POPPLE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975TAIPEI02596  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION AGR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 TAIPEI 2573  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUL 2003  
**Review Event:**  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACT PROBLEM  
**TAGS:** ETRD, TW, US  
**To:** STATE  
**Type:** TE  
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